

Education and Workforce Development Cabinet

Kentucky's jobless rate drops to three-year low in December 2011

Press Release Date: Thursday, January 19, 2012

Revision Date: Thursday, January 19, 2012

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Editor's Note: Preliminary December and revised November labor market information are included in this release.

FRANKFORT, Ky. — Kentucky's seasonally adjusted preliminary unemployment rate dropped to a three-year low of 9.1 percent in December 2011 from 9.4 percent in November 2011, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The preliminary December 2011 jobless rate was 1.2 percentage points below the 10.3 percent rate recorded for the state in December 2010. The state's December 2011 rate is the lowest since the December 2008 rate of 8.5 percent.

The U.S. seasonally adjusted jobless rate fell to 8.5 percent in December 2011 from 8.7 percent in November 2011, according to the U.S. Department of Labor.

Labor force statistics, including the unemployment rate, are based on estimates and are compiled to measure trends rather than actually to count people working. In December 2011, 2,087,230 individuals were counted in Kentucky's civilian labor force, which contracted by about 6,000 job seekers compared to the previous month.

"This is not really a sign of the 'discouraged-worker syndrome,'" said economist Manoj Shanker of the OET. "In a dynamic economy there are other causes for the decline in the labor force. Workers migrate between states and some go back to school to acquire new skills. Both of those factors can cause the labor force to contract."

Preliminary estimates show that since November 2011 the state has added 8,400 nonfarm jobs for a employment level of 1,808,700. Overall the state has created 31,000 nonfarm jobs from December 2010 for a gain of 1.7 percent, said Shanker.

Seven of the 11 major nonfarm North American Industry Classification System (NAICS) job sectors reported an employment increase in December 2011, while four decreased, according to OET.

According to the seasonally adjusted employment data provided by the Bureau of Labor Statistics' Current Employment Statistics (CES) program, Kentucky's trade, transportation and utilities sector jumped by 3,400 jobs in December 2011. This area includes retail and wholesale trade, transportation and warehousing businesses, and utilities. It is the largest sector in Kentucky with 365,100 positions. Since December 2010, the number of jobs in this sector has increased by 5,200.

"The largest gain in jobs in this sector was in the transportation, warehousing and utilities area with a net increase of 2,300 or 2.6 percent and probably resulted from an increase in warehousing fulfillment centers and related trucking transportation because of the holiday season," said Shanker.

The state's leisure and hospitality sector gained 2,700 jobs in December 2011 compared to a month ago. Since December 2010, the sector has grown by 10,200 positions. The leisure and hospitality sector includes arts, entertainment and recreation, accommodations and food services, and drinking places industries.

"Accommodations and food services comprise the bulk of this business classification. Together this component posted job gains of 2,800 from a month ago and a robust 10,000 additional positions from a year ago," said Shanker.

The professional and business services sector increased by 1,200 positions in December 2011. This area includes professional, scientific and technical services; management of companies; and administrative support and waste management, including temporary help agencies. Since last December, jobs in the sector have shown a robust growth of 12,100 or 6.6 percent.

Kentucky's manufacturing sector grew by 1,100 jobs in December 2011. Since December 2010, employment in the manufacturing sector has climbed by 5,600 positions.

"Employment in the durable goods industries was up by 5,200 jobs from a year ago. This sector includes motor vehicles and transportation equipment as well as machinery manufacturing. The expansion is being fueled largely by exports from Kentucky," Shanker said.

The government sector, which includes public education, public administration agencies and state-owned hospitals, recorded 1,000 more jobs in December 2011 than in November 2011. The sector had 4,000 fewer jobs than in December 2010.

Construction sector jobs rose by 600 in December 2011. Since December 2010, employment in the construction sector has decreased by 600 jobs.

"Specialty trade contractors account for about two-thirds of all employment in this sector. These are the businesses that typically increase employment in tight economic times when people prefer to remodel an existing house instead of building a new one," said Shanker.

The information sector had 100 more jobs in December 2011. This segment, which includes firms involved in publishing, Internet activities, data processing, broadcasting and news syndication, has added 200 positions since December 2010.

The educational and health services sector fell by 1,000 jobs in December 2011. The sector has gained 5,700 jobs since December 2010. This sector includes private and nonprofit establishments that provide either education and training or health care and social assistance to their clients.

“The surprising drop between November and December can be traced back to the health care and social assistance portion of this sector. Preliminary examination indicates that nursing and residential care facilities may have reduced jobs in the short run,” Shanker said.

Employment in the mining and logging sector went down by 300 in December 2011. The number of jobs in the sector dropped by 300 from December 2010.

Employment in the other services sector, which includes such establishments as repair and maintenance businesses; personal and laundry services; religious organizations; and civic and professional organizations, fell by 200 positions in December 2011. This sector had 200 fewer positions than December 2010.

The financial activities sector decreased by 200 jobs from a month ago. This segment, which includes businesses involved in finance, insurance, real estate and property leasing or rental, had 2,900 fewer positions than in December 2010.

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky’s statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.